

ORDER NO. 3931

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Mark Acton, Vice Chairman;
Tony Hammond; and
Nanci E. Langley

Competitive Product Prices
Global Plus 1D (CP2016-193)
Negotiated Service Agreement

Docket No. CP2016-215

ORDER APPROVING MODIFICATION TWO TO
GLOBAL PLUS 1D NEGOTIATED SERVICE AGREEMENT

(Issued June 2, 2017)

I. INTRODUCTION

The Postal Service seeks to modify a Global Plus 1D negotiated service agreement.¹ For the reasons discussed below, the Commission approves Modification Two.

¹ Notice of the United States Postal Service of Filing Modification Two to Global Plus 1D Negotiated Service Agreement, June 1, 2017 (Notice). The modification is an attachment to the Notice (Modification Two).

In Order No. 3403, the Commission approved the Global Plus 1D negotiated service agreement and a modification to the agreement (Existing Agreement).² On June 1, 2017, the Postal Service filed notice that it has agreed to Modification Two to the Existing Agreement.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement expires on June 30, 2017. Order No. 3403 at 2, 5. Modification Two revises the Existing Agreement so that it will remain in effect until August 15, 2017. Notice at 1.

Modification Two does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. The Existing Agreement, as modified, is set to expire on August 15, 2017, unless, among other things, either party terminates the contract with

² See Order Approving Additional Global Plus 1D Negotiated Service Agreement and Modification and Denying Motion for Temporary Relief, June 30, 2016 (Order No. 3403). The contract was modified as a part of Order 3403. See Order No. 3403 at 2-3, 6.

30 days' written notice to the other party or it is renewed by mutual agreement.³ If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Plus 1D negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the scheduled expiration date.

By the Commission.

Stacy L. Ruble
Secretary

³ Notice of the United States Postal Service of Filing a Functionally Equivalent Global Plus 1C Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, June 17, 2016, Attachment 1 at 5. Should both parties agree to renew the agreement, any such renewal is required to follow the requirements of 39 U.S.C. § 3633 and the Commission's implementing regulations of 39 C.F.R. part 3015.